

## **Small Employer Benefit Arrangements (SEBA)**



### **What is a Small Employer Benefit Arrangement (SEBA)?**

A SEBA is an administrative structure that allows small businesses the opportunity to join with other businesses or self-employed individuals (such as farmers) to share resources, spread risk, elect joint management, and provide the collective power to more strongly advocate for their interests within the Health Insurance Exchange (HIE). These arrangements maximize the benefits provided by the HIE and ensure the broadest possible small business coverage in a cost-effective manner.

### **What is the Health Insurance Exchange (HIE)?**

If enacted, the health care reform bill would establish the HIE – a marketplace for individuals and small employers to comparison shop among private and public insurers to find the best, most affordable health plan. The HIE will work with state insurance departments to set and enforce insurance reforms and consumer protections, and administer affordability credits to help low- and middle-income individuals and families purchase insurance.

### **How do SEBAs help small businesses?**

SEBAs would benefit small businesses and rural residents by reducing administrative costs and the time spent on employee benefits, and providing small businesses the opportunity to effectively and efficiently navigate the new health care system. SEBAs provide the information, expertise, and advocacy services that are necessary for small businesses to make informed decisions about employee health care benefits. By pooling together large units of aggregated small businesses, SEBAs will reduce the number of businesses with which the HIE must deal directly, thereby improving efficiency and lowering costs.

### **Who will SEBAs affect?**

Small businesses represent over 99 percent of the total number of U.S. businesses and employ over 50 percent of the domestic workforce. In rural economies, small businesses account for nearly two-thirds of all jobs. There are over 1 million small businesses that would be eligible to join a SEBA, impacting over 8.5 million workers.